



BOARD OF COUNTY COMMISSIONERS

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**SUMMIT COUNTY BOARD OF COUNTY COMMISSIONERS
WORK SESSION AGENDA
Tuesday, September 28, 2021 9:30 a.m.
County Commissioners' Meeting Room; Summit County Courthouse
208 Lincoln Avenue, Breckenridge, Colorado
Please note change in time**

Summit County is experiencing high COVID activity. We strongly encourage you to be vaccinated. If you are unable to be vaccinated, we ask that you join virtually by following the instructions below. Face coverings are mandatory inside the building:

Please register in advance for this webinar at:
https://us02web.zoom.us/webinar/register/WN_Tg942i7TROaDenbgx0SG1A
After registering, you will receive a confirmation email containing login information.

- 9:30 a.m. Short Term Rental Incentive Discussion (Housing)
- 10:30 a.m. Bi-Annual CDOT/BOCC Joint Meeting
- 12:30 p.m. Non Profit & Other Budget Discussion
- 1:00 p.m. Weekly Fire Restrictions Update
- 1:05 p.m. Managers' & Commissioners' Issues
- 1:30 p.m. Adjourn for Regular Meeting
- 2:00 p.m. Short Term Rental Code Amendment Discussion (Planning)
- 3:00 p.m. Adjourn

**This agenda and times, depending on length of discussion, are subject to change at any time.
Please contact the Manager's Office or visit our website to obtain updates at: <http://www.summitcountyco.gov>*



PLANNING DEPARTMENT

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To: Board of County Commissioners

From: Jessica Potter, Senior Planner

Date: September 28, 2021; Work Session

Subject: Preliminary discussion of STR Amendments and Data Capture Plan

Purpose:

A targeted and temporary moratorium on the issuance of new STR licenses was approved by the BOCC on September 14, 2021 and went into effect September 18, 2021. The purpose of this work session is to update the BOCC on the STR program and introduce a conceptual framework for new regulations. Topics will include applications received, timeline for software implementation, proposed amendments to the regulations, and data gathering, among other items.

Topics:

STR License Update: Working with the software provider, Host Compliance, all properties outside of the designated Resort Areas are now blocked from being able to submit an application for an STR license. A special exception form was created and uploaded on the website on Sept. 16 to allow property owners within the moratorium area meeting specific exception criteria to apply for an STR license during the period of time the moratorium is in place.

- Since discussion of the moratorium were made public on Sept. 7 staff received 364 new STR license requests, approximately 182 were received between Sept. 14 and midnight Sept. 17. Of the 364, 74 applications are from properties located in resort zones, including Tiger Run, 290 are from properties outside of resort areas.
- Based on the resort nature of Tiger Run, staff has adopted a policy that properties within Tiger Run should meet the special exception criteria to be able to apply for an STR license during the moratorium.
- All departments involved with STRs received a massive amount of public inquiry surrounding the moratorium.
- At the time of the preparation of this report on Sept. 23, staff received 6 special exception requests; all of them pertaining to home sales where the buyer's plan to finance the mortgage was based on operating the property as an STR.
- All existing permits are required to convert to renewals during the month of September, the renewal process is underway and all existing permits should be converted to licenses by early October.
- Host Compliance has underscored that instituting major changes to the application portal will require 8-10 weeks.

Clarification: Originally when the Housing Department was developing a plan to incentivize property owners to convert STR to LTR, they were only planning on targeting property in specific areas, referred to as “incentive” zones or “opportunity” zones. A deeper analysis of STRs has not been conducted in those neighborhoods; while this analysis is helpful, those areas were not proposed as any type of “overlay zone” for new regulations concerning STRs. For clarity these areas are referred to hereafter as “evaluation” zones.

STR Policy: The current STR regulations were adopted in 2018. When they were adopted, no distinction was made between resort areas and neighborhood areas and there is currently a “one-size-fits-all” approach to regulating STRs in Summit County. The existing regulations are well-suited for resort areas, but are not as appropriate for non-resort areas.

To inform new policy, staff has captured significant trends as well as goals gleaned from the BOCC and the public for the new regulations, these are discussed in more depth below.

Trends:

- 2020 approvals: 65% resort / 35% neighborhoods; 2021 approvals 55% resort / 45% neighborhoods.
- Total number of STR approvals increased 19% from 2020 to August 2021. To account for variations in number of active permits over the course of an entire year, a mean of all approvals for 2020 was used. As a comparison, new home construction increases approximately 1% a year.
- Sales from Jan 1, 2020 – June 30, 2021 – 80% of market rate housing was purchased by non-locals based on mailing addresses.
- Complaints from neighborhood areas (outside of Keystone and Copper) = 86% of complaints, but are 38% of STRs.
- The number of new home sales that resulted in an STR increased 21% from 1st half 2020 to 1st half 2021.
- Cost of housing is at an all-time high in Summit County, the median price of a single-family home is \$1.5 million and the median price of a townhome/condo is \$617,000.

Objectives: In order to create a framework for new regulations, it is helpful to have stated goals and objectives. This work session is an opportunity to confirm or modify the relevance of the list below.

- Local Workforce Housing – maintain the housing stock that exists for locals, do not lose any more LTR or local ownership housing to STRs;
- Local-Friendly Regulations – do not make it harder for locals who STR their primary residence to help pay their mortgage;
- Neighborhood Character – attempt to mitigate and/or protect the character of the traditional neighborhoods in Summit County from changing due to STR impacts;
- Second Homeowners – be aware of the goals of second homeowners, they STR because they want flexibility in the use of their property but also experience the increased impacts from 365 day/year STRs in their neighborhoods;
- Incentivize – regulations are necessary, but offer incentives where possible;
- Balance – Summit County has always been a resort community; maintain property owners’ ability to STR but regain the balance between local residents, second-homes, and STRs;

- Be Strategic – it is recommended that “surgical” is replaced with “strategic” as a framework for new regulations. Surgical implies that new regulations will be crafted specific to each neighborhood and subdivision; however, from both a staff, software, and user perspective, a less complex yet potentially more effective set of regulations is preferred.

Proposal: In consideration of the above objectives and discussion from previous work sessions, staff has prepared a conceptual framework for new STR regulations. The framework involves the creation of two overlay zones to encompass all of the unincorporated county – a resort zone, and a neighborhood zone (the rest of the county), and three license types ranging in intensity of use. All license types would be permitted in the resort zone, and the most intense license type would be significantly limited within the neighborhood zone.

- The resort zone would encompass Keystone, Copper, the unincorporated areas at the Base of Peak 8 in Breckenridge and likely Tiger Run Resort. (These are the same areas that were exempted from the moratorium, with the addition of Tiger Run.) The defining feature of the Resort Zone is that these areas were always intended for short-term vacation occupancy in a resort context. They have amenities and intense STR use is compatible in these zones.
- The neighborhood overlay zone would encompass all other properties in unincorporated Summit County. The underlying characteristic of this zone is that these neighborhoods were not developed as resort neighborhoods, while it is true that there are some homes that were designed as STRs, the neighborhoods themselves were not developed to support intense, hotel-like STR use.

The second feature of the proposal is the creation of three license types that range in intensity of STR use. These license types were created based the on a review of STR regulations in other communities, a preliminary analysis of current STR operations in Summit County, including complaints, and public comments received.

- License Type I is a primary-residence STR, this license type would apply to anyone renting their primary residence; they may rent an entire home a few weeks a year or consistently offer a bedroom for rent. No cap on number of nights rented is proposed, as the negative externalities of these STRs (such a displacing locals and loud parties) are mitigated by the home being a person’s primary residence.
- License Type II is targeted to second-homeowners that STR their property but still use it for themselves. Preliminary analysis in evaluation zones show that second-homeowners occupy their STRs, on average, between 50 and 180 nights a year. Staff does not propose to limit the number of these licenses, but rather limit the number of nights a year a Type II License can be offered for rent, a starting place for the proposal would be to cap them at 90 nights a year in neighborhood zones. In concert with limiting the number of nights rented per year, staff suggests offering an incentive of STR licensing fee reduction if the property owner shows evidence of a long-term lease during part of the year. This incentive is not to imply that all of these properties are targeted for workforce housing, but if a property owner chooses to long-term rent for part of the year, they will be compensated with a significant fee reduction.
- License Type III is intended to capture investment property STRs, those homes that are more akin to commercial lodging businesses. No cap on number of nights rented is proposed with this license type. An unlimited number of licenses is proposed in the Resort Zone; however, since this use is incompatible with most of the residential neighborhoods in Summit County, they should be severely limited in the Neighborhood Zone.

To summarize, in the Resort Zone all license types would be allowed on an unlimited basis and the current regulations would remain essentially unchanged. In the Neighborhood Zone, Type I and Type II licenses would be allowed on an unlimited basis; however Type III licenses, would be severely restricted. All primary-residence STRs would continue to operate in the Neighborhood Zone as they currently exist, but STRs that are not someone's primary residence would be limited to a specified number of nights a year in the Neighborhood Zone. This regulatory change would help to mitigate the incompatibilities of high-intensity STRs in the Neighborhood Zone while still allowing property owners the ability to STR. Additionally, the limit on number of nights rented could help to convert some of the year-round STRs to partial-year long-term rentals, and could be further incentivized with a fee reduction. Another possibility for some of the high-intensity STRs that would no longer be allowed in the Neighborhood Zone are rentals over 30 days. Short-term rentals are defined in the Code as a rental of 30 nights or less, and there is a market for longer-term rentals especially for remote workers. This is all to say that while these proposed regulations would impact the current operations of these high-intensity STRs, the proposal would still afford property owners the ability to STR and there are a variety of options these property owners would be able pursue. Additionally the benefits of mitigating these highest intensity STRs in the Neighborhood Zone would be substantial, increasing the supply of workforce housing and preserving neighborhood character.

The phasing down of the highest intensity of STRs in the Neighborhood Zone, or exceptions for Type III licenses in the Neighborhood Zone, will be more fully evaluated once staff is given feedback on the general concept presented. Such options for licensing a high-intensity STR in the Neighborhood Zone could include a lot-size-minimum threshold as well as a more involved review process.

In addition to the structure discussed above, licensing fees and occupancy standards should be re-evaluated. In the Resort Zone, the occupancy standard as the greater of 1 per 200 square feet or 2 people per bedroom + 4 is appropriate, but in Neighborhood Zone these occupancy provisions should be reassessed. As discussed at previous meetings, the license fee of \$150 does not cover staff time nor the software contract. With an expected increase in fees, incentives to long-term rent can be offered with a fee reduction or waiver. Staff would also like to engage in a conversation about graduated fees for the different license types.

Data Analysis Plan:

Based on BOCC requests and conceptual framework, staff suggests the following areas of data analysis. A meeting is scheduled with Host Compliance for October 4 to review the Rental Activity Module. This feature will provide more information in terms of nights STRs are rented. In order to illustrate where data is needed based on the framework, it is outlined below with data gaps underlined. As data is gathered, the proposal may shift based on a more detailed understanding of the current conditions.

Overlay Zones:

- I. Resort Zone (~62% of current STRs)
 - a. No changes from the current regs
 - b. All proposed license types can operate in this zone on an unlimited basis
- II. Neighborhood Zone (~38% of current STRs)
 - a. Changes proposed through the establishment of license types: Type I and II unlimited in this zone, Type III prohibited or severely limited
 - b. Occupancy standards to be reassessed (analysis needed)

License Types

- I. Type I: "Primary Residence STR" (~ 7% of Current STRs, assumption based on local addresses)
 - a. Number of Nights for Rent: Unlimited
 - i. Caution that this license type could be abused.
 - b. Zone: Unlimited in Resort Zone and Neighborhood Zone
 - c. Fees: May increase due to cost analysis (additional data analysis planned)
 - d. Goals: Local-friendly, workforce housing, strategic, neighborhood character, balance
- II. Type II: "Second Home STR" (data analysis needed to understand the percentage of total STRs outside of resort zones that fall into this category, anticipated to be the highest percentage; sources for data - housing surveys and Host Compliance RAM)
 - a. Number of Nights for Rent: 90 (additional data analysis will help to inform; sources for data - housing surveys and Host Compliance RAM)
 - b. Zone: Unlimited in Neighborhood Zone and Resort Zone
 - c. Fees: Will increase due to cost analysis; explore an option to drastically reduce fees if rented to a local (additional data analysis needed on fee structure).
 - d. Goals: Neighborhood character, workforce housing, strategic, incentivize, second home-owners, balance
- III. Type 3 STR: "Full-Time STR" (further data analysis needed to understand the percentage of total STRs outside of resort zones that fall into this category as well as the properties that currently accommodate these STRs; source - housing surveys, Host Compliance RAM, and assessor data.)
 - a. Number of Nights for Rent: Unlimited
 - b. Fees: Will increase due to cost analysis (additional analysis on fee structure)
 - c. Zone: Unlimited in Resort Zone; very minimally allowed in Neighborhood Zone
 - d. Goals: Neighborhood character, workforce housing, strategic, incentivize, balance

Staff would like to discuss additional data requests with the BOCC at work session. At the time of the preparation of this report, further analysis was underway but is not in finalized form and will be shared at the work session.

Process and Anticipated Timeline:

- Sept 14: Moratorium approved
- Sept 17: Moratorium went into effect
- Sept. 28: Work Session with BOCC
- Oct. 5: Work Session with BOCC
- Oct – Nov: Work Sessions with BOCC as needed
- Nov. 1: Code Amendment with Countywide PC
- Nov. 23 or 30: 1st Reading of Ordinance; Nov 23 is the meeting the week of Thanksgiving, if this meeting is cancelled, a special meeting will need to be scheduled for Nov. 30.
- Dec. 14: Second Reading of Ordinance and Public Hearing for Adoption of Code Amendment

Note: Software will take 8-10 weeks for implementation